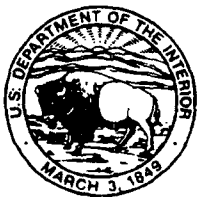


1660



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NOO-C-14-20-8377 (WF)
3162.7-3 (07400)

September 5, 1997

Mr. George F. Sharpe
Merrion Oil & Gas
610 Reilly Avenue
Farmington, NM 87401

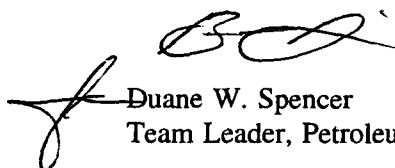
RE: Downhole Commingling Application
No. 28G-1 Dietrich
1850' FNL & 1850' FEL
Section 38 T. 28., R. 12.
San Juan County, New Mexico

Dear Mr Sharpe:

Your application applying for downhole commingling approval for the Basin Fruitland Coal and WAW Pictured Cliffs formation in the above referenced well. The estimated bottom hole pressures are 125 psi for the Pictured Cliffs and 225 psi for the Fruitland. Allocation will be done using the subtraction method, projecting the Pictured Cliffs production and then taking the difference to calculate the Fruitland production.

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,


Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe; DOMR; Suspense (Brian);
Well File (No. 28G-1 Dietrich, 1850'FNL&1850'FEL,28-26N-12W)

07400:BWDavis:9/5/97:x6367:MerrionDietrich28G-1.ltr